

YEAR 2005

ANNUAL REPORT

OF THE

PUBLIC SERVICE  
COMMISSION

2006 MAY -8 PM 1:50

RECEIVED BY

NAME Mountain Heritage Associates

LOCATION Helena, Montana

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING 12/31/05

## TABLE OF CONTENTS

SCHEDULE	PAGE	
Identification	2	
Income Statement	3	
Balance Sheet	4	
Contributions in Aid of Construction	5	
Accumulated Depreciation & Amortization of Utility Plant	5	
Capital Stock	6	
Retained Earnings	6	
Proprietary Capital	6	
Long Term Debt	6	
Water Utility Plant Accounts	7	
Analysis of Accumulated Depreciation by Primary Account	8	
Payments For Services Rendered By Other Than Employees	9	
Water Operation and Maintenance Expense	9	
Water Customers	10	
Operating Statistics	10	

# REPORT OF

Mountain Heritage Associates, Inc.

(Exact Name of Utility)

P.O. Box 4447

Helena, MT. 59604

(Address)

(City, State, Zip Code)

For Year Ended December 31, 2005

Date Utility First Organized January 1, 1990

Telephone Number 406-227-6983

Location where books and records are located Helena, MT

Contracts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence:	Judy Lowry	PO Box 4447 Helena, MT 59604	XXXXXXXX
Person who prepared this report:	Don Cox	AZ & Company, P.C. PO Box 1147 Helena, MT 59624	XXXXXXXX
Officers & Managers:			\$
H. Randolph Poulsen	Pres/Treas	514 Ward Street #202 Seattle, WA 98109	\$ -0-
Jack Lowry	VP/Sec	PO Box 4447 Helena, MT 59604	\$ -0-
			\$
			\$

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Precent Ownership in Utility	Principal Business Address	Salary Charged Utility
H. Randolph Poulsen	47.50%	514 Ward Street #202 Seattle, WA 98109	\$ -0-
Peggy Poulsen	5.00%	821 Kentucky SE Albuquerque, NM 87108	\$ -0-
Jack Lowry	47.50%	5513 York Road Helena, MT 59602	\$ -0-

# INCOME STATEMENT

Account Name	Current Year	Previous Year
<b>GROSS REVENUE:</b>		
<b>Metered</b>		
Residential		
Commercial		
Industrial		
Other		
<b>Unmetered</b>		
Residential	30,658	30,630
Commerical		
Industrial		
Fire Protection		
Bulk Sales		
Sale of Materials		
Other		
<b>TOTAL GROSS REVENUE</b>	30,658	30,630
<b>Operation and Maintenance Expense</b>	27,044	26,891
<b>Depreciation Expense</b>	3,601	4,109
<b>Taxes Other Than Income</b>	131	125
<b>Income Taxes</b>		
<b>Deferred Federal Income Taxes</b>		
<b>Deferred State Income Taxes</b>		
<b>TOTAL OPERATING EXPENSE</b>	30,776	31,125
<b>NET OPERATING INCOME (LOSS)</b>	(118)	(495)
<b>Other Income:</b>		
Non-Utility Income	2	2
<b>Other Deductions:</b>		
Non-Utility Expenses		
Interest Expense		
<b>NET INCOME (LOSS)</b>	(116)	(493)

## COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
<b>Assets:</b>		
Utility Plant In Service	117,257	<u>117,257</u>
Accumulated Depreciation and Amortization	99,788	<u>96,187</u>
<b>Net Utility Plant</b>	<u>17,469</u>	<u>21,070</u>
Cash	2,064	<u>3,842</u>
Customer Account Receivable	(604)	<u>(826)</u>
Other Assets (Specify)		
<b>Total Assets</b>	<u>18,929</u>	<u>24,086</u>
<b>Liabilities an Capital:</b>		
	1,000	
Common Stock Issued		<u>1,000</u>
Preferred Stock Issued		
Other Paid In Capital	<u>16,210</u>	<u>16,210</u>
Retained Earnings	(77)	<u>39</u>
Proprietary Capital		
<b>Total Capital</b>	<u>17,133</u>	<u>17,249</u>
Long Term Debt		
Accounts Payable	-0-	<u>5,041</u>
Notes Payable		
Customer Deposits		
Accrued Taxes		
Other Liabilities (Specify)		
Shareholder loans	<u>1,796</u>	<u>1,796</u>
Advances for Construction		
Contributions In Aid Of Construction		
<b>Total Liabilities and Capital</b>	<u>18,929</u>	<u>24,086</u>

## Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year	Previous Year
Balance First of Year	96,187	92,078
Credits During Year		
Accruals Charged to Depreciation Account	3,601	4,109
Salvage		
Other Credits (Specify)		
Total Credits		
Debits During Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify)		
Balance End of Year	99,788	96,187

## CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year	Indicate "Cash or Property"	Amount
N/A		
Total During Year		

## ACCUMULATED DEFERRED INCOME TAXES

Description	Total
Accumulated Deferred Income Taxes:	
Federal	
State N/A	
Total Accumulated Deferred Income Taxes	

## CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	\$ 1	
Shares authorized	1,000	
Shares issued and outstanding	1,000	
Total par value of stock issued	\$1,000	
Dividends declared per share for year	-0-	

## RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		39
Changes during year (Specify):		(116)
Balance end of year		(77)

## PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year		
Changes during year (specify):		
Balance end of year		

## LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
Total			

# ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements		%	%				
305	Collecting & Impounding Reservoirs		%	%				
306	Lake River & Other Intakes		%	%				
307	Wells and Springs	15	%	4 %	9,372		616	9,988
308	Infiltrations Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equip.		%	%				
311	Pumping Equipment	7	%	7 %	11,489		988	12,477
320	Water Treatment Equip.		%	%				
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains	25	%	2 %	70,362		1,704	72,066
333	Services		%	%				
334	Meter & Meter Installation		%	%				
335	Hydrants		%	%				
339	Other Plant & Misc. Equip.	50	%	5 %	4,964		293	5,257
340	Office Furniture and Equipment		%	%				
341	Transportation Equip.		%	%				
342	Stores Equipment		%	%				
343	Tools, Shop & Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment		%	%				
348	Other Tangible Plant		%	%				
	<b>Totals</b>				96,187		3,601	99,788



## WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures and Improvements				
305	Collecting and Impounding Reservoirs				
306	Lake River and Other Intakes				
307	Wells and Springs	15,533			15,533
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment	14,946			14,946
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains	81,265			81,265
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
339	Other Plant and Miscellaneous Equipment	5,513			5,513
340	Office Furniture and Equipment				
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	<b>Total Water Plant</b>	<b>117,257</b>			<b>117,257</b>

## WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pensions and Benefits	
Purchased Water	
Purchased Power	17,507
Fuel For Power Production	
Chemicals	
Materials and Supplies	819
Contractual Services	7,593
Rents	68
Transportation Expense	
Insurance Expense	1,057
Regulatory Commission Expense	
Bad Debt Expense	
Miscellaneous Expense	
<b>Total</b>	<b>27,044</b>

### PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

[illegible]

## SOURCES OF WATER SUPPLY

Surface Water: River \_\_\_\_\_ Lake \_\_\_\_\_ Stream \_\_\_\_\_ Impounding Res. \_\_\_\_\_  
 Ground Water: Springs No. \_\_\_\_\_ Shallow Wells No. \_\_\_\_\_ Deep Wells No. \_\_\_\_\_

## SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Yr.	Taken Up During Yr.	Total	Close of Year
Total							

## RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs 1 Capacity in Gallons \_\_\_\_\_  
 Number of Standpipes \_\_\_\_\_ Capacity in Gallons \_\_\_\_\_  
 Method of Purification \_\_\_\_\_

## SERVICES AND METERS

Services	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		
1/2 in.	_____	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____	_____	_____
Meters	_____	_____	_____	_____	_____	_____	_____	_____	_____

## NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential		68	68				-0-
Commercial							
Industrial							
Fire Hydrants							
Governmental							
All Other							
Total		68	68				-0-

## TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year \_\_\_\_\_ gals.  
 Maximum Water obtained all methods during any one day \_\_\_\_\_ gals.  
 Minimum Amount of Water obtained all methods during one day \_\_\_\_\_ gals.  
 Total Amount of Water passed through customers meters during year \_\_\_\_\_ gals.  
 Range of ordinary pressure on mains \_\_\_\_\_ lbs. to \_\_\_\_\_ lbs.  
 Range of fire pressure in mains \_\_\_\_\_ lbs. to \_\_\_\_\_ lbs.

STATE OF MONTANA

County of

Lewis & Clark

)

We, the undersigned, on our oath do severally say that the foregoing return the  
MOUNTAIN HERITAGE ASSOC., water utility, has been prepared  
under our direction from the original books, papers and records of said utility and declare  
the same to be a full, true and correct statement embracing all the financial transactions of  
said utility during the period for which the return is made.

Jack L. Lowrey

Subscribed and sworn to before me this 5<sup>th</sup> day of May, ~~19~~ 2006.

Cyndee Rae

Notary Public for the State of Montana

Residing at Helena, Montana

My commission expires January 4<sup>th</sup>, 2009